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DISCUSSION PAPER NO. 24
THE WORKING OF THE PUBLIC
ACCOUNTS COMMITTEES IN CANADA AND BRITAIN
A Comparison
By John Higgins
April 1984

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THE WORKING OF THE PUBLIC ACCOUNTS COMMITTEES IN CANADA
AND BRITAIN: A COMPARISON

Note

1. When I prepared this paper the Canadian PAC was settling down under a new chairman. In addition, as with MPs generally, the attention of Committee members was turning increasingly to the campaign for the leadership of the Liberal Party and to the general election that was likely to follow within months.

Reference of Audit Reports to the PAC

2. Under Section 7(1) of the Auditor General Act 1977 the Canadian Auditor General is obliged to make an annual report to the House of Commons. Under Section 7(3) this report has to be submitted to the Speaker of the House of Commons by 31 December of the year to which the report relates. The Speaker is required to lay the report straightaway. Although the Act does not say what should happen to the report once it has been tabled, the Standing Orders of the House of Commons provide for its permanent reference to the Committee of Public Accounts. Under Section 8(1) of his Act the AG may make an ad hoc report but only if the matter is "of pressing importance and urgency." Legal advice is that subjects not meeting this criterion may not be reported under this provision. The OAG would like to be empowered to issue interim reports but the prospects for securing appropriate legislation are remote at present.
3. Under Section 9 of the National Audit Act 1983, the UK C&AG is empowered to report to the House of Commons on the results of his examinations under Sections 6 and 7 of the Act, i.e. on his value for money audits. Unlike Canada, the Act does not prescribe a date by which the C&AG's reports are to be rendered; this means that the C&AG can report on each subject when he is ready. Sometimes this involves a report with the

relevant accounts; in other cases he makes separate individual reports independently of the accounts. This latter practice is a growing development and has been found beneficial to both the National Audit Office (NAO) and the PAC. Provided Parliament is sitting, this procedure allows the results of audits to be taken by PAC at the earliest opportunity. Another advantage is the spreading of the load on the PAC who have taken to examining a number of subjects in the autumn session of Parliament; previously such sittings were uncommon.

4. Although the National Audit Act does not require the Speaker to lay the C&AG's Reports before the House, this is the established practice. Nor is there any legislative requirement obliging the PAC to examine the C&AG's Reports. As in Canada this is secured through the Standing Orders of the House of Commons.

Committee Membership

5. The Canadian PAC consists of 10 members and is chaired by a backbench member of the main opposition party who may aspire to a Ministerial appointment in due course. The vice-chairman is appointed from the government party. In order to secure a quorum there have to be three members present with at least one from each main party, i.e., Liberals and Progressive Conservatives, present. It is rare for a hearing to be cancelled for lack of a quorum. Although it is termed a "Standing" Committee, the PAC is appointed for the life of a Parliament. (In UK a "Standing" Committee is one constituted to examine a Bill, clause by clause. It is disbanded when the Bill is referred back to the floor of the House.) Each member of the Canadian PAC has an alternate but there is no onus on the deputy to appear if the principal member fails to do so. Both principal and alternate members may attend a hearing but only the principals may participate in any vote.
6. In the UK, where the House of Commons has 650 members as against 282 in Canada, the PAC is 14 strong; one of the government members is the

Financial Secretary to the Treasury but as it is all but unheard of for this Minister to appear at PAC, the effective maximum complement is 13. There is no permanent vice-chairman; if the chairman is away the Committee elects a substitute on the day. As distinct from a Standing Committee (defined above), the PAC is a Select Committee; like its Canadian counterpart it is appointed for the life of a Parliament. Another similarity is that it is chaired by a member of the Opposition. However, unlike Canada, the chairman is nowadays an ex-Minister with financial experience in government. This not only ensures that the chairman has considerable status both among the members of the Committee and in the House generally but also means that he is well versed in dealing with the senior civil servants who appear as witnesses.

7. Another difference is the fact that party considerations do not affect the UK quorum arrangements. Thus 4 members constitute a quorum, regardless of party. In recent years there have been very few occasions where a PAC session has had to be cancelled for lack of a quorum (e.g. see Vilma Flegmann "Called to Account", Gower 1980, p. 12). This arrangement is consistent with the non-partisan approach of the PAC. Even so some lines of questioning may nevertheless reflect members' political or constituency interests.
8. I have the impression, albeit on the basis of limited experience in Ottawa, that potential political advantage is a stronger PAC stimulus in Canada than in Britain. This seems to be because party discipline is stronger in Canada and extends to PAC hearings. Thus, on the one hand, opposition PAC members are more obviously eager to find cause to embarrass the government while MPs belonging to the ruling party may tend to absent themselves, possibly in an attempt to frustrate proceedings through a failure to convene a quorum. These political considerations seem to become more marked as a general election approaches.

Accommodation

9. I found the room presently used by the PAC in Ottawa to be functional but lacking in atmosphere. This is mainly because the walls are plain, the floor has no carpet and there are no pictures on the walls. (These could, for example, indicate the traditions of the Canadian PAC, maybe in the shape of portraits of former chairmen.) In addition I found the size of the room, with the Committee itself at one end, but the press and public rather set aside at the other, to reduce the sense of occasion.
10. By contrast the PAC room at Westminster is impressive: the chairs carry the Parliamentary crest, the floor is fully carpeted and the rest of the furnishings, notably the pictures, carved lockers and wall hangings, combine to give an air of solid tradition. Some of the present Canadian PAC visited Westminster in February 1983 and were very interested with what they saw, both as regards accommodation and in other ways. (PAC hearing, 2 June 1983.) Even so the Westminster set-up does give rise to difficulties: since the Committee itself occupies the majority of the space there is limited room for the press and the public. Thus, when particularly major or interesting issues are on the agenda, some people find that they have to stand.

Selection and Timing of Subjects

11. Although the AG's report in Canada is some 600 pages long, it seems unlikely that the PAC will examine, let alone take evidence on, even half of it. This leaves the OAG to make its mark largely on the strength of its own findings and conclusions, whether publicised in the AG's report or contained within management letters. This situation helps to account for the OAG's high public profile (relative to UK) with media interest effectively adding to the impact of the Office's findings.
12. In UK the NAO does not include anything in the C&AG's reports which, except for formal or routine items, it does not expect the PAC to consider.

Although many reports do attract press coverage and while there have been TV programmes on the work of the NAO, the Office does not actively seek press attention - indeed, it does not even have a press officer. This relatively modest public profile is, I believe, founded on the premise that it is for the PAC to pursue the issues in the C&AG's reports and to make recommendations. While it is right that the PAC should be at the apex of the audit process, and be seen to be there, I also think it appropriate for the NAO to have the capacity to deal effectively with the media.

13. In Canada the PAC's selection of items for examination is decided by its own Steering Committee, though it does receive advice from its own staff and from the AG. This means that several major subjects, on which much OAG resource will have been expended, do not get taken live at the PAC, though departments are required to respond to the PAC in writing on each of the AG's recommendations.
14. Having selected what items it will concentrate on, the Canadian PAC sets aside dates for hearings. In most cases there may be only a few weeks' notice; this causes briefing problems for both the AG and the Deputy Minister (Permanent Secretary). In comparison the UK PAC, following consultation between its Chairman, Clerk and the NAO, draws up a programme, the first part of which may extend from October to the following Spring. Around February PAC will decide its programme for the summer. As a result most witnesses, save those called to an early hearing, get plenty of notice and may even be able to negotiate a revised date if the original suggestion is inconvenient.
15. The amount of time that the PAC sets aside for hearings looks to differ as well. The recent Department of Public Works hearings in Canada were scheduled for 7 1/2 hours, though in practice they were about 2 hours less because of problems in securing a quorum. In the UK I would imagine that a similar group of report paragraphs could be dealt with in a single 2-hour session. This tighter regime is, I believe, possible because of the pointed

briefing which the NAO provides for the Committee. This helps the chairman and members to focus on the key aspects of what might be a lengthy report. This helps to explain how the Westminster PAC is able to deal with all that the C&AG provides.

16. At this point it may not be out of the way to mention the differences in the way the two PACs start up their hearings. In Canada members, witnesses and others wait in the PAC room and chat until the chairman calls the meeting to order. In the UK only PAC members and their clerk are permitted into the Committee room in advance; everyone else waits in the corridor outside. During this time the chairman is in his office holding a last-minute briefing with the C&AG. Only after the chairman enters the Committee room are the witnesses and others called in. The questioning begins as soon as the witnesses have taken their places - others may still be looking for an empty chair!
17. In Canada the PAC currently holds regular morning meetings beginning at 9:30; this seems to be necessary in order to allow enough time on each subject. Although many UK Parliamentary committees hold morning meetings, the PAC does not do so. Instead it meets every Monday and Wednesday afternoon for 2 hours, starting at 4 or 5 o'clock.

Committee Staff and Briefing

18. The Canadian PAC has a research staff which is briefed in turn by both the audit team and the audited department for each matter under review by the PAC. The audit team later provides the research staff with suggested questions for Committee members to ask departmental witnesses, often aimed at eliciting information which the OAG is aware of but may not have included in its report. At its discretion the staff incorporates these questions with its own in a briefing document provided to Committee members at a dinner to which the OAG Principal is usually invited as an additional source of information. Committee members decide at this

briefing who will pursue which lines of questioning. During the hearing itself members occasionally leave their seats to discuss points with the Committee research officers or, less frequently, with OAG staff.

19. In the UK the position is different. While the PAC has its own clerk plus an assistant, the briefing of the Committee is undertaken by the NAO. The present style of this briefing is in two parts - a summary of the main points in the C&AG's report to which members' attention is directed plus (for the chairman alone) a list of up to 20 suggested questions. Oral briefing of the Committee is chiefly confined to the session between senior NAO staff and the PAC chairman referred to in paragraph 16. Members do not speak privately with NAO staff while evidence is being taken; the most that happens is an exchange of notes between the C&AG and the chairman.

Opening Statements

20. The normal procedure in Canada is for the AG and the Deputy Minister to submit written opening statements to the PAC by way of amplification of the points made in the AG's report. In addition the AG and DM are asked, before the questioning begins, whether either has any further remarks to make. Besides allowing for the updating of any factual material, the AG takes the opportunity in his opening comments, whether written or oral, to underline his conclusions and to focus the PAC's attention on the most important topics. At the hearings I attended there was nevertheless some confusion over some factual matters.
21. The UK practice does not provide for opening statements. Only if there are important factual developments since the C&AG's report was published does the NAO and/or the department submit a paper to the Committee. While such notes may have some similarity to the Canadian opening statements, there is no equivalent to the AG's oral remarks, though Permanent Secretaries may incorporate background details when answering questions. The C&AG responds only to specific questions. There should be no dispute as to facts at PAC since the C&AG's report is finalised in consultation with departments.

Procedure for Questioning

22. Insofar as my experience is representative of the whole, the Canadian chairman leaves much of the questioning to the PAC members. As explained in paragraph 18 the precise arrangements are settled in advance.
23. In the UK the main thrust of the questioning is led by the chairman. As a rule he follows the line suggested by the NAO and does not bring in the members until he has completed his own questions on a particular aspect. It is of course up to the chairman to put his own supplementary questions to pursue unclear or unsatisfactory answers. It is one of the advantages of having an ex-Minister as chairman that he may be more able than a backbencher in dealing with evasion by civil service witnesses - the "Yes Minister" situation!
24. Until very recently the Canadian AG has sat at the chairman's right hand and has been able to prompt relevant questions. To some extent this may have made up for the more restricted level of briefing compared to UK. Now however the AG is seated beside the principal witness at the opposite end from the chairman. However, the AG still volunteers comments, especially if he thinks that other witnesses' replies are misleading, as well as answering questions of fact. In the UK the C&AG is brought into the PAC proceedings only if there are particular points on which his view is sought; it is very rare for him to be invited to make a general comment. A whole two-hour session may pass without the participation of the C&AG.
25. In both countries questions are put to Treasury (Board) witnesses, both about particular cases as well as in relation to financial procedures generally. However I found it interesting to observe that the Treasury Board witness in Ottawa was more forthcoming than his counterparts in London where Treasury witnesses are famous for foggy, heavily qualified responses.

PAC Reports

26. Some weeks after the hearings the Canadian PAC produces its report. It is drafted by the PAC's own staff, its Steering Committee and is finalised by the full Committee in private sessions. The OAG is usually consulted in the drafting process but may not see the report in advance of publication. This can mean that the OAG may have no notice of aspects that the Office might find embarrassing, such as the PAC recommendation that the AG should set audit standards for Crown corporations (22nd Report, November 1983).
27. In their reports, the Canadian PAC tends to direct its remarks as much to the government as a whole on general issues as well as to the department whose activities are under review. The published report does not contain the relevant testimony which will have been published earlier. It is quite common for more than one PAC report to be published under the same cover. There are no press conferences on PAC reports.
28. In the UK the PAC's Reports are produced in much the same timescale as in Canada. However, there is a major difference behind the scenes in that the bulk of the drafting is done by the NAO. (The NAO is concerned not to publicise this fact which should be regarded as confidential). The resulting product becomes the chairman's draft which he tables at a deliberative, i.e. private, meeting of the Committee. The C&AG and his senior advisers are present to comment on the implications of any amendments which members may propose. Virtually all amendments are dealt with unanimously by the PAC without a division (e.g. Vilma Flegmann pp. 23 and 49). There is no counterpart to the Canadian Steering Committee. The approved report, now one per department, is published shortly afterwards together with the verbatim evidence and any relevant papers submitted by witnesses. The conclusions are addressed to individual departments and to the Treasury rather than the government where general issues are involved. As in Canada confidential matter is not included, e.g. that relating to national

security or commercial dealings. As each PAC report is issued the chairman holds a press conference which often results in newspaper articles and, sometimes, in radio and TV coverage.

Follow Up

29. In Canada the government is required to table a response within 120 days after tabling of the PAC report. In addition Committee staff follow-up the department's progress implementing report recommendations. Where this progress is unsatisfactory the Chairman writes to the Minister and, if necessary, calls another hearing to ask for an explanation. The OAG also follows up on past PAC recommendations either as a matter of course during the next comprehensive audit, or earlier (within 2-3 years) during a follow-up of its own recommendations.
30. The conclusions and recommendations contained in the reports of the PAC in the UK give rise to a public response from the audited body. These responses are published collectively in the autumn in the form of a Treasury Minute. In the main they are brief and state the action planned or proposed in response to the PAC's findings; in nearly all cases the PAC's recommendations are accepted and their views noted.
31. The Treasury Minute will usually have been published by the time the PAC reports are debated on the floor of the House, around the time of the Christmas recess. However the main follow-up of the PAC's reports takes place in the following months when officials are questioned, on the basis of the Treasury Minute, on the action they have taken.



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